

Message Text

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14

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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R 112236Z SEP 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 1428

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E.OBX 11652: N/A

TAGS: EINV, CS

SUBJECT: CASTILLO DISCUSSED INVESTMENT AND PROMISED TO
SUBMIT AN AMENDMENT TO THE BEVERAGE TAX

REF: SAN JOSE 3467

1. VICE PRESIDENT CASTILLO, IN THE COURSE OF AN OTHERWISE
UNNOTEWORTHY ADDRESS TO THE AMERICAN CHAMBER OF COMMERCE SEPTEMBER
11 ON THE SUBJECT OF COSTA RICA'S INVESTMENT CLIMATE,
FLOURISHED AN AMENDMENT THAT WOULD REMOVE THE DISCRIMINATORY
ASPECT OF THE CARBONATED BEVERAGE TAX RECENTLY ENACTED
BY THE CONGRESS. THE NEW BILL, WHICH CASTILLO PROMISED
WOULD BE SENT PROMPTLY TO THE CONGRESS, HAD BEEN SIGNED BY
PRESIDENT ODUBER AND WAS PUBLICLY SIGNED BY THE FINANCE MINISTER
IN THE PRESENCE OF THE MEMBERS AND GUESTS OF THE CHAMBER
AT THE CHAMBER'S MONTHLY LUNCHEON.

2. AS THE EMBASSY HAS PREVIOUSLY REPORTED, PRESIDENT
ODUBER HAD PROMISED TO SEND AN AMENDMENT TO THE CONGRESS
THAT WOULD ELIMINATE THE ELEMENT OF DISCRIMINATION
FROM THE BEVERAGE TAX. THERE IS NO GUARANTY THAT
THE CONGRESS WILL ENACT THE AMENDMENT, BUT THE PUBLIC
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ANNOUNCEMENT OF IT MADE TO THE CHAMBER OF COMMERCE

WOULD SEEM TO INCREASE THE CHANCES THAT THE GOVERNMENT
WILL USE ITS INFLUENCE TO URGE PASSAGE.

3. VICE PRESIDENT CASTILLO ALSO ANNOUNCED THAT THE
GOVERNMENT WILL APPOINT A COMMISSION COMPOSED OF
DISTINGUISHED MEMBERS OF THE PRIVATE SECTOR TO MAKE
RECOMMENDATIONS ON WAYS OF IMPROVING THE EFFICIENCY
OF THE GOVERNMENT. CASTILLO PROMISED THAT THE GOVERNMENT
WOULD ADOPT THE MEASURES RECOMMENDED. IT SEEMS
DOUBTFUL, HOWEVER, THAT THE GOVERNMENT COULD CONSIDER
ITSELF COMMITTED IN ADVANCE TO ADOPT EVERY RECOMMENDATION
THAT MIGHT BE MADE BY AN OUTSIDE GROUP.

4. ALTHOUGH CASTILLO'S SPEECH ABOUT THE INVESTMENT
CLIMATE WAS UNNOTEWORTHY IN THE SENSE THAT IT CONTAINED
LITTLE THAT WAS NEW, IT WAS A POSITIVE STATEMENT
EMPHASIZING COSTA RICA'S DESIRE TO ENCOURAGE FOREIGN
INVESTMENT AND CASTILLO'S BELIEF THAT COSTA RICA IS
MAINTAINING A POSITIVE INVESTMENT CLIMATE.
TODMAN

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Margaret P. Grafeld
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